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THE WALL STREET TRANSCRIPT

Connecting Market Leaders with Investors

# Value Investing Alongside Proven Management Teams

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**SECTOR — GENERAL INVESTING**

**TWST: Could you please identify yourself?**

**Mr. Boskovich:** My name is Joe Boskovich Jr., and I am a Co-Founder and a member of the Investment Committee at Old West Investment Management, LLC.

**TWST: Could you tell me a little bit about the firm?**

**Mr. Boskovich:** Sure. We started Old West in 2008, so we recently celebrated our eight-year anniversary. We launched with about $20 million under management, and we've steadily grown our business, mainly through word of mouth, and today we are managing over $200 million in client assets.

**TWST: From the point of view of investors, why is it important to consider going to a boutique firm as opposed to one of the large firms?**

**Mr. Boskovich:** At the end of the day, regardless of the size of a company, I believe that it's all about the investment process and the methodology for selecting investment ideas, and I believe that our investment process really sets us apart from others in our business. Our process largely focuses on the people in control over our capital and their abilities to efficiently and effectively allocate capital. As a first principle, we believe that the surest way to protect and grow our capital is by aligning ourselves with management teams who have high stock ownership and smart pay.

The first document that we turn to is the proxy statement, and in the time that it takes us to print out the proxy, study stock ownership, pay levels and the business metrics that drive incentive pay, we are able to intelligently eliminate the vast majority of the potential companies that would otherwise absorb much of our time and resources. Simply, we seek to invest alongside great and proven owner/managers. The process by which business value will grow is a direct function of management's approach to capital allocation, so we also spend a lot of time studying management's historical actions, capital allocation decisions and track records, in an attempt to understand how they think about allocating capital.

A second and equally important consideration is valuation. At our core, we are value investors, so not only do we seek to invest in companies where management is among the largest shareholders and incentivized more from their stock ownership than they are from their compensation, but we also want to buy into those businesses at substantial discounts to our assessment of intrinsic value. With that said, it's oftentimes not enough to buy something just because it's cheap, so we also spend a lot of time trying to understand what will make a company's stock price appreciate. In general, cheap stocks are cheap for a reason, and there is little insight to gain from basic valuation screens using backward-looking data. As such, we try to identify situations where we believe we have unique insights or can identify catalysts that the market will eventually recognize.

**TWST: Did you want to highlight any stocks that you find interesting right now?**

**Mr. Boskovich:** Yes, I've picked three different companies to discuss: **Liberty Media Formula One** (NASDAQ:FWONK), **Liberty Sirius Satellite Radio** (NASDAQ:LSXMK) and **IDW Media** (OTCMKTS:IDWM).

**TWST: Why don't we take one at a time? Let's start with the first one.**

**Mr. Boskovich:** As I mentioned earlier, we seek to invest alongside great owner/managers. At the top of that list is Dr. John Malone, who made his first fortune in the cable television business. He was attracted to cable television for its predictable revenue stream, its favorable tax characteristics and its rapid growth. Malone ran cable operator TCI for 15 years, and in 1991 spun off certain assets to form **Liberty Media**. Since that time, Malone has developed a reputation as being one of the lowest-paid, best-performing CEOs in the country. In addition to Dr. Malone, his protege, Greg Maffei, serves as President and CEO of **Liberty Media** and is involved in all of Malone's enterprises and has developed a reputation as a skilled operator.

Over the years, Malone has spun off dozens of businesses from **Liberty Media**, including **Liberty Interactive** (NASDAQ:QVCA), **Liberty Ventures** (NASDAQ:LVNTA), **Liberty Global** (NASDAQ:LBTYA), **Starz**, **Discovery** (NASDAQ:DISCA), **Expedia** (NASDAQ:EXPE), **TripAdvisor** (NASDAQ:TRIP) and many more. Although Malone is fairly well-known, we also believe that a certain level of perceived complexity exists in the various **Liberty Media** companies which can lead to misunderstanding amongst investors, hence the opportunity. Most recently, in 2016, **Liberty Media** decided to reorganize itself into three tracking stocks: **Liberty Sirius** (NASDAQ:LSXMA; LSXMB; LSXMK), **Liberty Braves** (NASDAQ:BATRA; BATRK) and **Liberty Media** (NASDAQ:LMCA; LMCK), and today we own two of these tracking stocks across our client portfolios: **Liberty Media**, which was recently renamed, and **Liberty Sirius**.

Last year, John Malone engineered the purchase of **Formula One** racing and changed the company name to **Liberty Media Formula One, Inc.**, and the stock symbol changed from LMCA to FWON. The purchase price was $4 billion plus the assumption of $4.1 billion in debt, so around an $8 billion enterprise value. Last year, the company had $1.8 billion in revenue and $456 million in free cash flow. **Formula One** has had 19 Grand Prix races per year, and 21 are scheduled for this season. Revenue sources include race promotions, which are the fees paid to host and promote a race, 35%; broadcasting, 32%; sponsorships, 14%; and merchandising and licensing, 18%. We believe that each of these revenue sources have not even come close to their potential, and that even small changes will have a big impact on the growth of the F1 series.

**Highlights**

*Joe Boskovich Jr. seeks to invest alongside proven owner/managers. He also considers valuation when selecting companies. He is a value investor, and wants to buy into businesses at substantial discounts to his assessment of intrinsic value.*

*Companies include: Liberty Media Corporation - Series C Liberty Formula One (NASDAQ:FWONK); Liberty Sirius XM Group (NASDAQ:LSXMK); IDW Media Holdings (OTCMKTS:IDWM); Liberty Interactive Corp (NASDAQ:QVCA); Liberty Interactive Corporation - Series A Liberty Ventures (NASDAQ:LVNTA); Liberty Global plc - Class A Ordinary Shares (NASDAQ:LBTYA); Discovery Communications (NASDAQ:DISCA); Expedia (NASDAQ:EXPE); Tripadvisor (NASDAQ:TRIP); Alphabet (NASDAQ:GOOG); Tesla (NASDAQ:TSLA); Microsoft Corporation (NASDAQ:MSFT); Honda Motor Co Ltd (ADR) (NYSE:HMC); Bayerische Motoren Werke AG (ETR:BMW); AT&T (NYSE:T); Twenty-First Century Fox (NASDAQ:FOX); Ferrari NV (BIT:RACE); Live Nation Entertainment (NYSE:LYV); Time Warner (NYSE:TWX); Viacom (NASDAQ:VIA); Sirius XM Holdings (NASDAQ:SIRI); Pandora Media (NYSE:P); IDT Corporation (NYSE:IDT); Genie Energy Ltd (NYSE:GNE); Straight Path Communications (NYSEMKT:STRP); Verizon Communications (NYSE:VZ); Hasbro (NASDAQ:HAS); Sony Corp (ADR) (NYSE:SNE); Walt Disney Co (NYSE:DIS); Netflix (NASDAQ:NFLX); Lions Gate Entertainment Corp. (USA) (NYSE:LGF) and Amazon.com (NASDAQ:AMZN).*

***"We try to identify situations where we believe we have unique insights or can identify catalysts that the market will eventually recognize."***

Just as an example, as it relates to sponsorship opportunities, before **Liberty** bought **Formula One**, the sport had one full-time person working on sponsorship and a couple working part time to service 17 sponsors. By contrast, **Major League Baseball** which, unlike **Formula One**, is almost entirely U.S.-focused, has 80 people working on sponsorship and 75 sponsors. **F1** has teams spending several hundred million dollars a year trying to get five seconds faster than the other guy. It's all about technology, and there is no technology sponsor. A company like **Google** (NASDAQ:GOOG) or **Tesla** (NASDAQ:TSLA) would be a natural fit.

Let's put in perspective what **Formula One** might eventually be worth. **UFC** recently sold to **William Morris Endeavor Entertainment, LLC** for $4 billion, which is half of **Formula One's** enterprise value. **UFC** is generating some $600 million per year, meaning it traded at nearly 7 times revenue, a much higher valuation than **Formula One**. Another comparison could be the $2 billion that **Microsoft** (NASDAQ:MSFT) CEO Steve Ballmer paid for the LA Clippers basketball team a few years ago. I would argue **Formula One** is far more valuable than the entire **NBA**, let alone a single franchise.

**Formula One** is one of the few global sports franchises, and it has been very under-exploited. Grand Prix racing is huge throughout Europe, Asia, South America and the Middle East. The new management will be intent on pushing the sport into new markets, particularly in the United States. We currently only have one Grand Prix race in the U.S., in Austin, Texas, and that will change. Management recently raised the prospect of staging Grand Prix races in cities such as Miami, Las Vegas down the Strip and New York, with the Manhattan skyline as a backdrop. There are a lot of potential venues that are very interesting.

**Formula One** had been run and controlled by 87-year-old Bernie Ecclestone for nearly 40 years, and although he is largely credited with turning **F1** into the world's most watched sports series, he has also mismanaged and held back **F1** from reaching its true potential. Under his leadership, many teams, such as **Honda** (NYSE:HMC) and **BMW** (ETR:BMW), have left the sport, and several newer teams have failed. **F1** has left billions of dollars on the table thanks to decisions that have diminished fan interest and created vast financial inequalities among the teams.

an expanded race schedule to the Americas and Asian countries as ways to improve the sport's business. It will be fun watching the story unfold over the next several years, and I believe we will own **Liberty Media Formula One** for a long time.

***"We currently only have one Grand Prix race in the U.S., in Austin, Texas, and that will change. Management recently raised the prospect of staging Grand Prix races in cities such as Miami, Las Vegas down the Strip and New York, with the Manhattan skyline as a backdrop."***

**1-Year Daily Chart of Liberty Media Corporation**

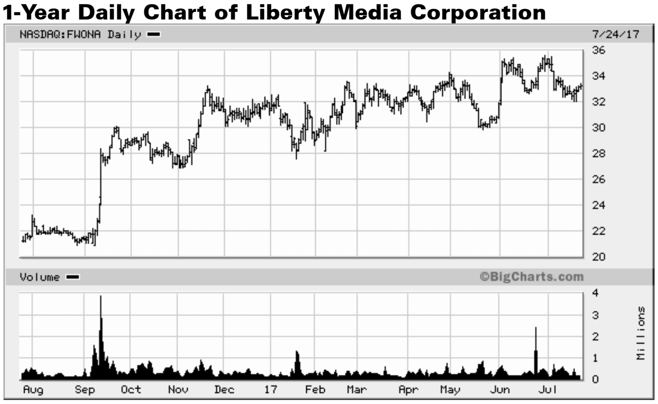


**Chart provided by www.BigCharts.com**

For all of these reasons, **Liberty Media's** first action as the new owner of **F1** was to remove Ecclestone and hire the talented Chase Carey as **Formula One's** new Chairman and CEO. Carey first crossed business paths with John Malone when he was CEO of **DirecTV**. John Malone was **DirecTV's** largest shareholder, and our company, Old West, was a **DirecTV** shareholder, too, until the company was purchased by **AT&T** (NYSE:T). Carey did a superb job running **DirecTV** and was recruited by Rupert Murdoch to run **21st Century Fox** (NASDAQ:FOX), where he oversaw all of the company's television and film properties, which includes the lucrative **Fox Sports**. Once Murdoch's two sons took over the reins at **Fox**, Carey was moved aside. Fast forward to today, and Carey is now reunited with Malone at **Formula One**.

Carey has proven that he knows how to promote the value of sports and drive its ability to reach huge live audiences, and we predict that he will do a great job running the company. He is off to a promising start, having recently hired former **Ferrari** (BIT:RACE) and **Mercedes F1** team boss Ross Brawn to oversee the sporting side of **F1**, and ex-**ESPN** executive, Sean Bratches, to handle the commercial operations that Ecclestone was previously doing alone.

We believe that the new **Liberty Media Formula One** management team will create new opportunities for sponsors, team owners and the media. **Liberty** has already identified many potential growth opportunities and has unveiled a five-year business plan to steer the sport away from what it says was a "very short-term focus." On its most recent conference call, **Liberty** CEO Greg Maffei and Chase Carey mentioned opportunities such as improved digital distribution of content, added promotional activity, video games, virtual reality, and

**TWST: Do you think that the growth that we're going to see with the company in the next few years — that it's going to be making the most of its existing holdings, or do you think they might try and acquire some other companies like they have in the past?**

**Mr. Boskovich:** As it relates to **Formula One**?

**TWST: Or just in general.**

**Mr. Boskovich:** Well, when you look at the overall **Liberty** entities, Malone and Maffei have always been very opportunistic in looking for and shedding different assets. The main focus has always been to use its assets to continue growing as tax efficiently as possible. The biggest component of **Liberty Formula One** today is the **Formula One** series, but the tracking stock also includes various other stakes in companies such as **Liberty Media's** 34% ownership stake in **Live Nation** (NYSE:LYV), its 1% stake in **TimeWarner** (NYSE:TWX), its 1% stake in **Viacom** (NASDAQ:VIA), its 7% stake in **Kroenke Sports & Entertainment**, and several others.

We could easily see **Liberty** split off **Live Nation** and make acquisitions to grow that piece of the business. As it relates specifically to **Formula One** though, by focusing on where the sport is headed three or four years down the line and turning what used to be a mismanaged business into a public business with discipline, I think great things are going to happen for **Formula One** as a standalone company. Redistributing income among the teams, maximizing revenue from current and new venues, adding multiple official sponsors and partners, and finding the right balance of free TV, pay TV and digital broadcasting are all key targets that will drive change at **F1**.

**TWST: Did you want to mention the second company?**

**Mr. Boskovich:** The next company that I'll talk about is also a John Malone entity, **Liberty Sirius XM**. **Liberty Media** owns 67% of the outstanding shares of **Sirius Holdings** (NASDAQ:SIRI), and **Liberty Sirius** is the tracking stock that represents **Liberty's** ownership interest.

As we all know, **SiriusXM** is the dominant satellite radio subscription service offering a broad array of music, sports and news content, much of which is exclusive, like Howard Stern radio. Not only does **Sirius** generate attractive free cash flow and return lots of capital to shareholders, but its fundamentals also continue to improve on the back of its strong content. Subscriber count just recently crossed 30 million subscribers, and revenue per subscriber is at an all-time high of 12.66 per month. **Sirius** has done an incredible job at penetrating the new car market, and their success as an original equipment manufacturer, OEM, gives the company an enormous competitive advantage. Today, an astounding 75% of all new cars rolling off production in the United

States are **SiriusXM**-enabled, which is just incredible and serves as an enormous competitive advantage to the company.

The next big driver of growth for the company though will be the used car market, which in the U.S. has almost three times the annual unit sales of the new car market. What makes the used car market particularly attractive is that incremental returns on capital are unusually high since the cost of the installation has already been incurred. There are currently 80 million **Sirius**-enabled cars in United States, and there are 160 million non-enabled cars, which gives **Sirius** a long runway for growth. The company believes that it can increase **Sirius**-enabled cars from 80 million to 180 million over the next decade, and a great deal of this will be driven through partnerships with used car dealers and by increasing used car trials. Currently **Sirius** is working with about 18,000 dealers and expects this number to increase in the future.

**1-Year Daily Chart of Liberty Sirius XM Group**

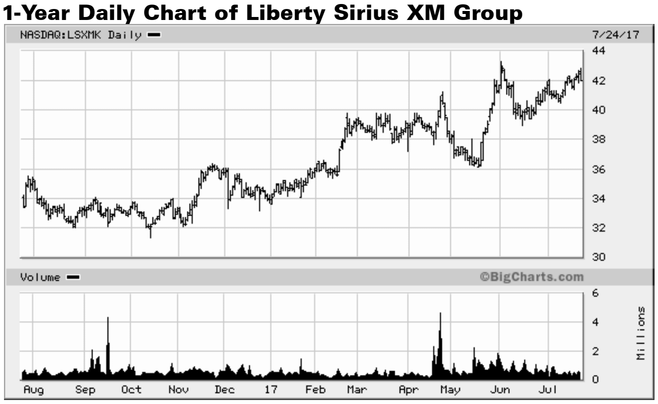


**Chart provided by www.BigCharts.com**

We do think that one of the bigger risks for **Sirius** going forward, or at least it was one of the bigger risks, is that its business model faces increased competition as connectivity in cars allows streaming companies like **Spotify** and **Pandora** (NYSE:P) to more aggressively compete. In response to this risk, a few weeks ago, John Malone and Greg Maffei orchestrated **Liberty's** latest deal when **Sirius** invested $480 million in **Pandora**. **Sirius** is buying preferred stock in **Pandora** that will eventually convert into a 16% stake in the company. As part of the deal, Sirius will name three people to **Pandora's** board of directors, with one of these appointees becoming Chairman.

We believe that this is an excellent allocation of capital and demonstrates **Liberty Media's** ability to get ahead of potential risks. The **Pandora** investment will help **Sirius** diversify away from its reliance on in car systems and boost other music-related businesses in the **Liberty** portfolio, such as **Live Nation Entertainment**, which owns **Ticketmaster**, the event-ticketing operator. **Pandora's** user data is very valuable, and **Pandora** can help **Ticketmaster's** promotion arm sell more tickets.

I'd also add that **Sirius** offers a form of hidden value in the radio spectrum assets that they own. There is a limited amount of bandwidth available for those who wish to distribute content or data wirelessly, and the prices for spectrum have exploded with the widespread adoption of wireless devices. Resulting from the 2008 merger of **Sirius Satellite Radio** and **XM Satellite Radio**, was excess spectrum that the company does not require for its operations. Although difficult to value, it certainly is a form of added optionality.

**TWST: Could we possibly see the company adding some more high-profile names? You mentioned Howard Stern. Could there be others out there that might make it more appealing to radio listeners?**

**Mr. Boskovich:** Certainly. I think that **Sirius** will continue adding great content, much of which will be exclusive to SiriusXM. They've started doing different things with sports, and in music, they've started doing things like broadcasting concerts of live performances and offering limited-run channels dedicated to artists ahead of album releases and other PR events. Events such as these give bands unprecedented access to serious music fans on a massive scale. It is a win-win situation. The band can gain exposure, and **Sirius XM** gets exclusive content.

**TWST: Did you want to mention the third company?**

**Mr. Boskovich:** The last company that I'd like to talk about is definitely less known than the **Liberty Media** entities, but is similar in that it is led by a great owner/manager named Howard Jonas. We've spent a lot of time studying **IDW's** (OTCMKTS:IDWM) Chairman, Howard Jonas, and I believe that he is one of the great, more unknown businessmen and capital allocators out there. Jonas, a lifelong entrepreneur, founded **IDT Corporation** (NYSE:IDT) in 1990 and has grown it into one of the country's largest telecom and media conglomerates. He has opportunistically grown **IDT** organically and through acquisition, and when appropriate, he has monetized various unrelated business assets through sales and spinoffs. To give you a few examples:

One: In August 2000, at the peak of the telecom boom, **IDT** sold a stake in its **Net2Phone** subsidiary, which provided cheap long-distance service through the internet to **AT&T** for about $1.1 billion in cash. One year later **IDT** bought back that exact same stake for just $92 million.

Two: In November 2004, **IDT** launched its retail energy business, **IDT Energy**. **IDT Energy** was one of the largest independent suppliers of electricity and natural gas to the eastern United States, and in October of 2011, **IDT** spun off that asset to its shareholders as **Genie Energy** (NYSE:GNE), which today trades on the New York Stock Exchange with a $180 million market cap.

Three: Most recently and most impressively was **Straight Path Communications** (NYSEMKT:STRP). In 2001, Jonas bought a hodgepodge of U.S. airwave licenses for $56 million from bankrupt

***"What makes the used car market particularly attractive is that incremental returns on capital are unusually high since the cost of the installation has already been incurred."***

Winstar Communications. That business was spun off into a public company called **Straight Path Communications** in 2013, and after a bidding war between **AT&T** and **Verizon** (NYSE:VZ) just a few months ago, **Straight Path** was sold to **Verizon** for $3.1 billion, a 700%-plus premium compared to its trading price.

Four: Finally, in 2001, realizing that the telecommunications industry was highly commoditized, Jonas made his first foray into the media business. **IDT** made several small acquisitions with the goal of controlling content and formed a new company called IDT Entertainment. In May 2006, IDT Entertainment was sold to John Malone's **Liberty Media** for roughly $500 million, merging its animation and live-action production business with **Liberty Media's** controlled **Starz Entertainment Group**. With some of the proceeds from the **IDT Entertainment-Starz** deal, Jonas bought two smaller assets, one of which was **Idea and Design Works, LLC**. In September 2009, **IDT Corporation** spun off **IDW Media** to its shareholders, and we have built a significant position across many of our portfolios.

publisher of licensed comics in the United States, so they are in the fortunate position where they typically decide which properties they wish to license. Some of their more successful and popular titles include: **Hasbro's** (NASDAQ:HAS) Transformers and G.I. Joe, **Nickelodeon's** Teenage Mutant Ninja Turtles, **Sony's** (NYSE:SNE) Ghostbusters, **Marvel's** Super Heroes, and various **Disney** (NYSE:DIS) titles such as Mickey Mouse.

The second type of comic that they make are creator-owned comics, where they introduce new comics to the world and own or co-own these properties with the creators. **IDW** owns more than 150 pieces of original intellectual property, and are also opportunistically acquiring new content through acquisition of whole companies and successful partnerships with creators. Their licensed comics division is a good business, and the creator-owned comics division has the potential to be an excellent business, as we will discuss shortly. **IDW Publishing** does about $30 million in revenue with 15% operating margins, and is growing around 15% per year.

***"Their licensed comics division is a good business, and the creator-owned comics division has the potential to be an excellent business."***

**1-Year Daily Chart of IDW Media Holdings Inc**

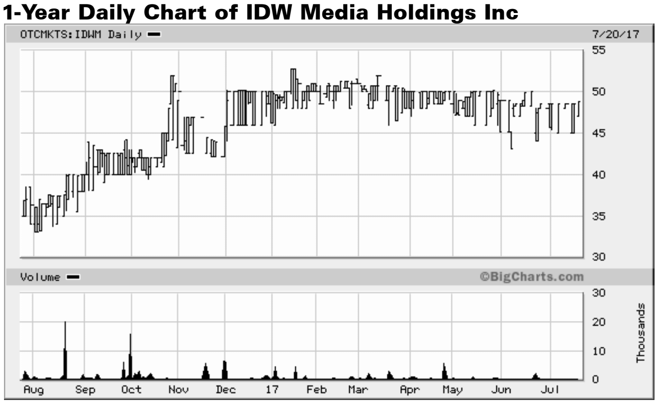


**Chart provided by www.BigCharts.com**

**IDW Media** is made up of two core business segments, **CTM Media Group** and **IDW Publishing**. The first segment, **CTM Media**, is primarily involved in the travel brochure and publishing business. **CTM** distributes over 100 million brochures, visitor guides and publications annually, and their digital platform recorded 19.3 million digital engagements last year. The company has over 14,000 distribution points throughout the eastern half of the United States and Canada. **CTM Media** contributes $21.4 million in revenue per year and has 10% operating margins. It is a steady and predictable business that is growing about 8% per year.

The second business, **IDW Publishing**, is the fourth-largest comic book publisher in the United States, publishing over 500 unique comic book titles and 250 graphic novels in 2016. **IDW Publishing** makes two types of comic books and graphic novels. The first type is licensed titles, where they take other people's entertainment properties and turn them into comics. **IDW** is the number one

In 2013, having built an attractive cash flowing business, Howard Jonas and **IDW Media** CEO Ted Adams decided to invest several million dollars of the company's profits to launch a television production studio called **IDW Entertainment** with the goal of leveraging the company's library of intellectual property and securing straight-to-series television commitments. We believe that this strategy of leveraging **IDW's** creator-owned properties and IP into financing and producing television shows has the potential for big returns with little downside risk. **IDW's** television production efforts are off to a very promising start, having already successfully debuted its first two shows, sold the U.S. rights for a third show and received a pilot order for a fourth show.

In 2016, **IDW Entertainment** successfully debuted "Wynonna Earp" and "Dirk Gently." "Wynnona Earp," a Western science fiction series, aired on Syfy network in the U.S., Spike TV in the U.K. and Australia, and **Netflix** (NASDAQ:NFLX), globally. The show built a loyal fan base and was named among the 20 Best New TV Shows of 2016 by *Variety*. "Dirk Gently Holistic Detective Agency," based on the best-selling comic novels by Douglas Adams and starring Sam Barnett and Elijah Wood, aired on **BBC America** in the U.S. and the rest of the world on **Netflix**. Both series are returning for a second season in 2017.

Most recently, **Hulu** has given a pilot order to "Locke & Key," an **IDW** comic created by Joe Hill, Stephen King's son. The one-hour pilot will be produced by **IDW Entertainment**, Hill and Carlton Cuse, who produced "Lost," "Bates Motel" and "The Strain." The company expects **Hulu** to order the entire season one and believes that "Locke & Key" will be a game changer for the company.

In addition to these three properties, **IDW** has a substantial and promising pipeline of IP that may be turned into television shows, most notably *March*, *Brooklyn Animal Control*, *Alex*

*Delaware* and *The Devil*. The *March* graphic novel trilogy is Congressman John Lewis' autobiography told in graphic novels about his role as a civil rights leader, and could easily be made into a miniseries on a network like the History channel, etc. *March*, a number one *New York Times* bestseller, was named *Time* magazine's number one nonfiction book of 2016, and is the first graphic novel to win the prestigious National Book Award.

**IDW** has sold the U.S television rights for a police drama called "Brooklyn Animal Control" to USA Network. USA and **IDW** are currently reworking and reshooting the pilot, and from all indications, the shows potential looks very promising.

**IDW** is developing a television series based on Jonathan Kellerman's best-selling Alex Delaware novels, which are America's longest-running contemporary crime series with more than 80 million books in print globally. Every book in the series has made the top 10 on *The New York Times* best-seller list, and Kellerman's latest book, *Heartbreak Hotel*, is currently rated number one on the list. Kellerman, David Salzman — "Dallas," "The Fresh Prince of Bel-Air" — and **IDW Entertainment** will serve as executive producers, and **IDW** will control the worldwide rights.

Finally, **IDW** is developing a drama series based on the real-life misdeeds of British gangster Stephen "The Devil" French, in conjunction with "Grey's Anatomy" star Ellen Pompeo, who optioned the book, *The Devil: Britain's Most Feared Underworld Taxman*, for adaptation. These are just a few of the promising properties in development, and there are many, many more such as *VWars*, *Pantheon*, *Night Mary*, *October Faction*, etc.

The company also expects to achieve success in movies and in its games division. For example, Stephen Spielberg's **Amblin Entertainment** has announced a movie starring Jim Carrey based on **IDW's** horror comic book title *Aleister Arcane*. Unlike with television, **IDW** is not participating in the financing and development of movies, but is rather simply licensing their IP to studios for a fee and a percentage of gross box office receipts. Although this limits **IDW's** upside in movies, given the high risk/high reward dynamic of the movie business, we feel that this is a smart and conservative decision by management at this early stage of the company's entertainment division.

The core thesis behind our investment in **IDW Media** centers around the company's attractive and growing library of intellectual property, and the growing demand for original content in television. **IDW Entertainment** has access to valuable properties through **IDW's** publishing unit and also receives valuable marketing support. For example, in preparation for "Wynonna Earp's" debut on Syfy, **IDW** promoted the series by placing ads in most of the 90 titles published each month by **IDW Publishing**. The result brought a staggering 42% increase in new viewers to Syfy for the series debut and catapulted the show into double-digit growth for the time period. Another example is in the ongoing development of *The Devil* for television where **IDW** will release a graphic novel series to introduce the property to its large built-in audience.

In just its first partial year as a reportable segment, the television production unit has contributed an incremental $16 million to **IDW's** topline growth, already accounting for 25% of total company revenues. Keep in mind that these results only partially reflect season one of **IDW's** first two shows. In 2017/2018, IDW will have at least three TV shows, season two "Wynnona Earp," season two "Dirk Gently" and season one "Locke & Key." With **Hulu** attached, "Locke & Key" will be **IDW's** first big-budget project and should be a game changer for the company.

With three shows in 2017, and potentially five or six in 2018, we are buying **IDW Media** at valuations that reflect very little success in the company's television production efforts, which we believe will be very significant. If **IDW** can have five shows on the air in 2018, which we think is probable, just the entertainment segment could be earning $20 to $30 million EBITDA, which would suggest a stock price that is much, much higher than today's. Longer term, an acquisition by a major media company, such as **Lionsgate** (NYSE:LGF), is very possible, similar to when Howard Jonas sold his prior media company, **IDT Entertainment**, to John Malone and **Liberty Media** for $500 million.

**TWST: And do you think there's a lesson here too for investors, that whether there's a correction to the market or there continues to be strong results, look for things that people generally want and they will pay for, whether the economy is going up or down?**

**Mr. Boskovich:** Yes, I think definitely, but once again only at attractive valuations. If you consider a lot of the momentum stocks that have really driven the market, they sell what people want, but the companies are valued to the extreme. A good example is a company like **Amazon** (NASDAQ:AMZN), which is a phenomenal company. They sell what customers want, but it's really, really difficult to make sense of its valuation.

**Amazon** trades at 185 times earnings. If **Amazon** stock was to fall two-thirds from where it is right now, it would still be trading at 60-plus times earnings, which still suggests a very rich valuation. Now it's entirely possible that **Amazon** grows into its valuation, and I don't think that I'd bet against a company like **Amazon**, but you need to make many unknown and lofty assumptions about its future prospects if you want to make money buying the company today. So, like I said, we're definitely attracted to things that people want or need, but it is paramount that investors buy into those assets at attractive valuations.

**TWST: Thank you. (ES)**

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